

**CITY OF MESA, ARIZONA**  
**SINGLE AUDIT ACT REPORTS**  
**YEAR ENDED JUNE 30, 2020**



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**CITY OF MESA, ARIZONA  
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and Members of City Council  
City of Mesa, Arizona  
Mesa, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mesa, Arizona (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 24, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

The Honorable Mayor and Members of City Council  
City of Mesa, Arizona

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of Mesa, Arizona's Response to Findings**

City of Mesa, Arizona's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Mesa, Arizona's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
December 24, 2020



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,  
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Mayor and Members of City Council  
City of Mesa, Arizona  
Mesa, Arizona

**Report on Compliance for Each Major Federal Program**

We have audited the City of Mesa, Arizona (City)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City of Mesa, Arizona complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The Honorable Mayor and Members of City Council  
City of Mesa, Arizona

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mesa, Arizona as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 24, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
January 26, 2021

City of Mesa, Arizona  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

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**SECTION I – SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified?   X   yes \_\_\_\_\_ none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes   X   no

Identification of major programs:

CFDA Numbers  
21.019

Name of Federal Program or Cluster  
Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$2,029,384

Auditee qualified as low-risk auditee?   X   yes \_\_\_\_\_ no



## SECTION II – FINANCIAL STATEMENT FINDINGS

### **2020-001: Internal Controls over Review of Journal Entries and Audit Schedules**

**Condition:** Numerous errors were noted during the review of journal entries and audit schedules prepared as part of the City's year-end closeout process.

**Criteria:** Internal controls should be in place to provide reasonable assurance that journal entries and audit schedules are properly prepared and reviewed.

**Context:** The following errors were noted:

- Numerous input errors were noted on journal entries that had been reviewed and approved.
- Joint venture schedules were improperly prepared.

**Effect:** The lack of controls in place over the preparation, review and approval of journal entries and audit schedules could result in material misstatements not being prevented or detected.

**Cause:** Management oversight.

**Repeat Finding:** Yes. See prior year finding 2019-001.

**Recommendation** We recommend that the City review its policies and procedures over its year-end closeout process to ensure that material misstatements do not occur in the posting of journal entries or in the preparation of audit schedules.

**Response:** The City concurs with the finding and will review its year-end closeout process and procedures.

**Contact Person:** Irma Ashworth, Finance Director

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

**City of Mesa, Arizona**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2020**

Federal Grantor Agency/Pass-Through Grantor/ Program Title (Note 3)	Federal CFDA Number	Pass- Through Grantor (Note 3)	Federal Grant/ Pass-Through Number	YTD 2020 Expenditures	2020 Payments to Subrecipients
<b>Department of Housing and Urban Development</b>					
Community Development Block Grant/Entitlement Grants	14.218	N/A	B-13-MC-04-0501	\$ 2,748	\$ -
Community Development Block Grant/Entitlement Grants	14.218	N/A	B-14-MC-04-0501	110,166	-
Community Development Block Grant/Entitlement Grants	14.218	N/A	B-15-MC-04-0501	228,493	-
Community Development Block Grant/Entitlement Grants	14.218	N/A	B-16-MC-04-0501	69,814	-
Community Development Block Grant/Entitlement Grants	14.218	N/A	B-17-MC-04-0501	425,706	-
Community Development Block Grant/Entitlement Grants	14.218	N/A	B-18-MC-04-0501	1,381,849	457,910
Community Development Block Grant/Entitlement Grants	14.218	N/A	B-19-MC-04-0501	1,648,171	113,619
ARRA - Community Development Block Grant/Entitlement Grants (NSP1)	14.218	N/A	Program Income	97,515	-
ARRA - Community Development Block Grant/Entitlement Grants (NSP3)	14.218	N/A	Program Income	17,127	-
Total CDBG - Entitlement Grants Cluster				<u>3,981,589</u>	<u>571,529</u>
Emergency Solutions Grant Program	14.231	N/A	E18-MC-04-0501	5,295	5,295
Emergency Solutions Grant Program	14.231	N/A	E19-MC-04-0501	340,205	288,990
Total Emergency Solutions Grant Program				<u>345,500</u>	<u>294,285</u>
Home Investment Partnership Program	14.239	N/A	M-16-MC-04-0243	163,176	163,176
Home Investment Partnership Program	14.239	N/A	M17-MC040243	124,000	124,000
Home Investment Partnership Program	14.239	N/A	M18-MC040243	178,080	129,196
Home Investment Partnership Program	14.239	N/A	M19-MC040243	265,409	-
Total HOME Program				<u>730,665</u>	<u>416,372</u>
Continuum of Care Program	14.267	N/A	AZ0122L9T021803	43,587	-
Continuum of Care Program	14.267	N/A	AZ0122L9T021904	24,628	-
Total Continuum of Care Program				<u>68,215</u>	<u>-</u>
Section 8 Housing Choice Vouchers	14.871	N/A	AZ005AF	1,444	-
Section 8 Housing Choice Vouchers	14.871	N/A	AZ-005-VO	13,573,263	-
Section 8 Housing Choice Vouchers (VASH)	14.871	N/A	AZ-005-VA-0001	1,066,423	-
Mainstream Vouchers	14.879	N/A	AZ-005-DV	794,467	-
Mainstream Vouchers	14.879	N/A	AZ0058F	1,264	-
Total Housing Voucher Cluster				<u>15,436,861</u>	<u>-</u>
Family Unification Program (FUP)	14.880	N/A	AZ005VO0201	166,859	-
<b>Total Department of Housing and Urban Development</b>				<u>20,729,689</u>	<u>1,282,186</u>
<b>Department of the Interior</b>					
Cultural and Paleontological Resources Management	15.224	N/A	L16AC00016	379	-
Water Conservation Field Services (WCFS)	15.530	N/A	R16AP00037	4,401	-
Water Conservation Field Services (WCFS)	15.530	N/A	R19AP00095	49,373	-
Total Water Conservation Field Services (WCFS)				<u>53,774</u>	<u>-</u>
<b>Total Department of the Interior</b>				<u>54,153</u>	<u>-</u>
<b>Department of Justice</b>					
Coronavirus Emergency Supplemental Funding Program	16.034	N/A	2020-VD-BX-0584	271,480	-
Coronavirus Emergency Supplemental Funding Program	16.034	ACJC	ACESF-21-030	42,652	-
Total Coronavirus Emergency Supplemental Funding Program				<u>314,132</u>	<u>-</u>
Crime Victim Assistance	16.575	ADPS	2018-210	470,272	-
Crime Victim Assistance	16.575	ADPS	2018-305	437,711	-
Total Crime Victim Assistance				<u>907,983</u>	<u>-</u>
Special Data Collections and Statistical Studies	16.734	N/A	2016-FU-CX-K054	1,399	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	MCMO	C-95-18-001-G-01	33,786	-
DNA Backlog Reduction Program	16.741	N/A	2017-DN-BX-0013	14,956	-
DNA Backlog Reduction Program	16.741	N/A	2018-DN-BX-0064	92,823	-
DNA Backlog Reduction Program	16.741	N/A	2019-DN-BX-0062	44,706	-
Total DNA Backlog Reduction Program				<u>152,485</u>	<u>-</u>
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	ACJC	CV 18-19-003	8,434	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	ACJC	CV 19-20-003	8,368	-
Total Paul Coverdell Forensic Sciences Improvement Grant Program				<u>16,802</u>	<u>-</u>
Equitable Sharing Program	16.922	N/A	AZ00717	56,257	-
<b>Total Department of Justice</b>				<u>1,482,844</u>	<u>-</u>

See Notes to the Schedule of Expenditures of Federal Awards.

**City of Mesa, Arizona**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

(Continued)

<b>Department of Transportation</b>					
Airport Improvement Program	20.106	N/A	AIP-03-04-0023-029-2019	\$ 1,228,729	\$ -
Highway Planning and Construction	20.205	ADOT	CM-MES-0(224)A, SH54401C	163,260	-
Highway Planning and Construction	20.205	ADOT	MES-0(235) [T0123]	625,546	-
Total Highway Planning and Construction Cluster				788,806	-
State and Community Highway Safety	20.600	GOHS	2019-AI-005	4,232	-
State and Community Highway Safety	20.600	GOHS	2019-AL-018	41,032	-
State and Community Highway Safety	20.600	GOHS	2019-PTS-028	48,593	-
State and Community Highway Safety	20.600	GOHS	2020-AI-007	4,528	-
State and Community Highway Safety	20.600	GOHS	2020-AL-022	55,123	-
State and Community Highway Safety	20.600	GOHS	2020-OP-011	1,887	-
State and Community Highway Safety	20.600	GOHS	2020-PTS-033	13,210	-
State and Community Highway Safety	20.600	GOHS	2020-405d-050	21,828	-
National Priority Safety Programs	20.616	GOHS	2020-405d-050	32,742	-
Total Highway Safety Cluster				223,175	-
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614	GOHS	2019-PB-004	20,796	-
<b>Total Department of Transportation</b>				2,261,506	-
<b>Department of the Treasury</b>					
Asset Forfeiture Program	21.016	N/A	AZ00717	2,823	-
Coronavirus Relief Fund	21.019	N/A	N/A	42,421,624	2,433,736
<b>Total Department of the Treasury</b>				42,424,447	2,433,736
<b>National Endowment for the Arts</b>					
Promotion of the Arts_Grants to Organizations and Individuals	45.024	N/A	1809676-42-18	21,796	-
Promotion of the Arts_Grants to Organizations and Individuals	45.024	N/A	1854236-62-19	50,000	-
Promotion of the Arts_Grants to Organizations and Individuals	45.024	N/A	1858196-62	17,460	-
<b>Total National Endowment for the Arts</b>				89,256	-
<b>Institute of Museum and Library Services</b>					
Grants to States	45.310	ASLAPR	2019-0260-6	6,598	-
Grants to States	45.310	ASLAPR	2019-0271-04	3,600	-
<b>Total Institute of Museum and Library Services</b>				10,198	-
<b>Department of Health and Human Services</b>					
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	ADHS	ADHS18-199087	10,000	-
<b>Total Department of Health and Human Services</b>				10,000	-
<b>Executive Office of the President</b>					
High Intensity Drug Trafficking Areas Program	95.001	COT	HT-18-2832	10,927	-
High Intensity Drug Trafficking Areas Program	95.001	COT	HT-18-2848	10,000	-
High Intensity Drug Trafficking Areas Program	95.001	COT	HT-19-2910	22,402	-
High Intensity Drug Trafficking Areas Program	95.001	COT	HT-19-2941	5,757	-
<b>Total Executive Office of the President</b>				49,086	-
<b>Department of Homeland Security</b>					
Assistance to Firefighters Grant	97.044	COM	EMW-2017-FR-00143	12,245	-
Homeland Security Grant Program	97.067	ADOHS	17-AZDOHS-HSGP-170206-02	49,590	-
Homeland Security Grant Program	97.067	ADOHS	17-AZDOHS-HSGP-170813-03	97,076	-
Homeland Security Grant Program	97.067	ADOHS	18-AZDOHS-HSGP-180207-01	2,979	-
Homeland Security Grant Program	97.067	ADOHS	18-AZDOHS-HSGP-180207-02	27,871	-
Homeland Security Grant Program	97.067	ADOHS	18-AZDOHS-HSGP-180811-01	30,106	-
Homeland Security Grant Program	97.067	ADOHS	18-AZDOHS-HSGP-180811-03	2,486	-
Homeland Security Grant Program	97.067	ADOHS	18-AZDOHS-HSGP-180812-01	55,973	-
Homeland Security Grant Program	97.067	ADOHS	18-AZDOHS-HSGP-180812-02	49,949	-
Homeland Security Grant Program	97.067	ADOHS	19-AZDOHS-HSGP-190207-01	5,626	-
Homeland Security Grant Program	97.067	ADOHS	19-AZDOHS-HSGP-190207-02	4,157	-
Homeland Security Grant Program	97.067	ADOHS	19-AZDOHS-HSGP-190812-01	65,688	-
Homeland Security Grant Program	97.067	ADOHS	19-AZDOHS-HSGP-190812-02	452	-
Homeland Security Grant Program	97.067	ADOHS	19-AZDOHS-HSGP-190813-01	13,982	-
Homeland Security Grant Program	97.067	ADOHS	19-AZDOHS-HSGP-190813-02	5,435	-
Homeland Security Grant Program	97.067	ADOHS	19-AZDOHS-HSGP-190813-03	111,344	-
Total Homeland Security Grant Program				522,714	-
<b>Total Department of Homeland Security</b>				534,959	-
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				\$ 67,646,138	\$ 3,715,922

See Notes to the Schedule of Expenditures of Federal Awards.

**NOTE 1 BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Mesa, Arizona as of and for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Federal awards received directly from Federal agencies, as well as federal financial assistance passed through other entities, are included on the Schedule of Expenditures of Federal Awards and are presented on the modified accrual basis of accounting. Expenditures are recognized when they become a demand on currently available financial resources.

Federal awards provided to sub-recipients are treated as expenditures at the point payments are made to the sub-recipient.

**NOTE 2 THE REPORTING ENTITY**

The City of Mesa, Arizona, for purposes of the Schedule of Expenditures of Federal Awards, includes all the funds of the primary government as defined by Government Accounting Standards Board (GASB).

The City of Mesa, Arizona, administers certain federal financial assistance programs through sub-recipients. Those sub-recipients are not considered part of the City of Mesa, Arizona, reporting entity.

**NOTE 3 PASS-THROUGH GRANTOR'S REFERENCE**

The City of Mesa, Arizona, receives certain federal awards from the following non-Federal agencies. The amounts received are commingled by the state with other funds and cannot be separately identified. The total amount of such pass-through awards is included on the Schedule of Expenditures of Federal Awards.

**Pass-Through Grantors:**

<b>Abbrev on SEFA</b>	<b>Name</b>
ACJC	Arizona Criminal Justice Commission
ADHS	Arizona Department of Health Services
ADOHS	Arizona Department of Homeland Security
ADOT	Arizona Department of Transportation
ADPS	Arizona Department of Public Safety
ASLAPR	Arizona State Library, Archives & Public Records
COM	City of Maricopa
COT	City of Tucson
GOHS	Governor's Office of Highway Safety
MCMO	Maricopa County Manager's Office

**NOTE 4    INDIRECT COST RATE**

The City of Mesa, Arizona has not elected to use the 10 percent de minimis indirect cost rate as established in 2 CFR 200.414.

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